

TRIBUTE TO THE RETIRED
ROBERT T. HEALEY

HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 30, 2001

Mr. PALLONE. Mr. Speaker, I rise today to honor the life of Robert T. Healey of Burlington County, New Jersey. Mr. Healey is a son of the Great Depression and like the great souls that showed America a better way during that time, his life has been one of resiliency. In 1954, Mr. Healey received his Jurist Doctor degree from University of Pennsylvania Law School. Mr. Healey was admitted to the bar in all state and federal courts in New Jersey. He was also admitted to the practice of law in the U.S. Supreme Court and the Third Circuit Court of Appeals. He recently retired as senior partner of Healey, Mueller and Tyler to give full time interest to several "Viking" business ventures in which he serves as Chairman and Chief Executive Officer. He has chaired the National Coalition to Save Jobs in Boating, the Atlantic City Marine Expo and is the President of the New Jersey Boat Builders Association.

Mr. Healey has also worked in several philanthropic ventures throughout his life. He is the President and principal benefactor of Living Bridges International, a nonprofit foundation working to assist needy-at-risk children. The foundation has helped build two schools in Mexico and helps provide 2400 hot meals per day for Mexican children. Mr. Healey has also been very active in his church and civic duties and has served as the vice-chairman of the Lumberton Township Economic Development Authority.

The honorable Mr. Robert Healey is now a hearty retired grandfather with seven grandchildren and resides with his wife and three children at Gleneayre Farms in Lumberton, New Jersey. The wise philosopher Socrates once asserted that an unexamined life is not worth living. Mr. Healey, I salute you in saying that your examined life, dear sir, was truly worth living.

INTRODUCTION OF A BILL TO
CLARIFY THAT NATURAL GAS
GATHERING LINES ARE 7-YEAR
PROPERTY FOR PURPOSES OF
DEPRECIATION

HON. SAM JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 30, 2001

Mr. SAM JOHNSON of Texas. Mr. Speaker, today I am joined by Representatives MCCREY and WATKINS in the introduction of legislation that will clarify the proper tax treatment of natural gas gathering lines for purposes of depreciation.

For several years, a level of uncertainty has hampered the natural gas processing industry as well as imposed significant costs on the energy industry as a whole. Of course, these costs are ultimately passed on to American consumers in the form of higher heating

prices. Consequently, I have been working to bring certainty to the tax treatment of natural gas gathering lines. During this time, I have corresponded and meet with a variety of people from the Department of the Treasury in an effort to secure the issuance of much needed guidance for the members of the natural gas processing industry regarding the treatment of these assets.

Unfortunately, I have not received satisfactory responses. Protracted Internal Revenue Service audits and litigation on this issue continue without any end in sight. As a result, I chose to introduce legislation in the 105th and the 106th Congress in order to clarify that, under current law, natural gas gathering lines are properly treated as seven-year assets for purposes of depreciation.

This bill specifically provides that natural gas gathering lines are subject to a seven-year cost recovery period. In addition, the legislation includes a proper definition of a "natural gas gathering line" in order to distinguish these assets from pipeline transportation lines for depreciation purposes. While I believe this result is clearly the correct result under current law, my bill will eliminate any remaining uncertainty regarding the treatment of natural gas gathering lines.

The need for certainty regarding the tax treatment of such a substantial investment is obvious in the face of the IRS's and Treasury's refusal to properly classify these assets. The Modified Accelerated Cost Recovery System (MACRS), the current depreciation system, includes "gathering pipelines and related production facilities" in the Asset Class for assets used in the exploration for and production of natural gas subject to a seven-year cost recovery period. Despite the plain language of the Asset Class description, the IRS and Treasury have repeatedly asserted that only gathering systems owned by producers are eligible for seven-year cost recovery and all other gathering systems should be treated as transmission pipeline assets subject to a fifteen-year cost recovery period.

The IRS's and the Treasury's position creates the absurd result of the same asset receiving disparate tax treatment based solely on who owns it. The distinction between gathering and transmission is well-established and recognized by the Federal Energy Regulatory Commission and other regulatory agencies. Their attempt to treat natural gas gathering lines as transmission pipelines ignores the integral role of gathering systems in production and the different functional and physical attributes of gathering lines as compared to transmission pipelines.

Not surprisingly, the United States Court of Appeals for the Tenth Circuit has held that natural gas gathering systems are subject to a seven-year cost recovery period under current law regardless of ownership. The potential for costly audits and litigation, however, still remains in other areas of the country. Given that even a midsize gathering system can consist of 1,200 miles of natural gas gathering lines, and that some companies own as much as 18,000 miles of natural gas gathering lines, these assets represent a substantial investment and expense.

The IRS should not force business to incur any more additional expenses as well. My bill

will ensure that these assets are properly treated under our country's tax laws.

I urge my colleagues to join me as cosponsors of this important legislation.

RECOGNIZING MR. HENRY L.
(HANK) HECK, JR. FOR HIS 32
YEARS OF SERVICE TO THE AS-
SOCIATED PENNSYLVANIA CON-
STRUCTORS

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 30, 2001

Mr. SHUSTER. Mr. Speaker, I am pleased to have this opportunity to recognize a man from my home State of Pennsylvania who has dedicated 32 years of his life to enhancing the quality of life of all Pennsylvanians by working to improve the safety and reliability of the Nation's surface transportation network. Henry L. (Hank) Heck, Jr. has been with the Associated Pennsylvania Constructors since 1969 and has been executive vice president of the association since 1980. Over these past many years, both Hank and I have worked toward similar goals and fought similar battles—myself in the U.S. Congress and Hank on behalf of his association's members throughout the Keystone State. Anyone who knows Hank holds a great respect and admiration for his distinguished career—spanning more than three decades. Now that his well-earned retirement is upon us, Hank will be remembered as both a leader and friend by the many individuals throughout Pennsylvania's transportation construction industry who have had the privilege of working with him.

Although Hank has spent most of his career with the Associated Pennsylvania Constructors, his leadership has benefited several other organizations as well. As past chairman of the American Road and Transportation Builders Association's (ARTBA) Council of State Executives, Hank led the association's State chapter affiliates in supporting ARTBA's pursuit to increase federal investment in our Nation's transportation infrastructure. Hank's accomplishments also include service as past president of the Pennsylvania Society of Association Executives, the American Society of Highway Engineers (Harrisburg Chapter), and the Harrisburg Trade Association Executives. He also currently serves as treasurer of the Pennsylvania Highway Information Association. A man does not simply lead by his title alone, and Hank has exemplified what it means to be a true leader and a strong advocate for transportation infrastructure throughout Pennsylvania.

Over the years, I have considered Hank to be both a trusted friend and a knowledgeable advisor. Although many will most certainly miss Hank's everyday presence, his impact on the construction industry will be felt for many years to come. I would like to thank Hank for his commitment and service to the Commonwealth of Pennsylvania over the past 32 years and I respectfully request that the House join me in wishing Hank the very best as he begins his retirement with his wife, Jody, and their family at his side.